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ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

Eleventh Annual Report

FOR THE YEAR ENDED 30th APRIL, 1966

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

BOARD OF DIRECTORS

FRANK H. BROWN

MICHAEL H. CRICHTON

NORMAN F. W. H. D'ARCY

HON. GEORGE B. FOSTER, Q.C.

EDWARD D. FRASER

JOCELYN HAMBRO

WILLIAM F. JAMES, PH.D.

GEOFFREY OSMINT

SIR LEONARD PATON

STANLEY M. WEDD

HAVARD J. WILLIAMS

SIR EDWARD WILSHAW

OFFICERS

STANLEY M. WEDD *Chairman of the Board*

NORMAN F. W. H. D'ARCY *President*

J. B. L. THOMAS *Secretary-Treasurer*

MANAGERS

LOCANA SECURITIES LTD. Toronto

TRANSFER AGENTS AND REGISTRARS

COMMON SHARES:

NATIONAL TRUST COMPANY, LIMITED Montreal and Toronto

LOCANA CORPORATION (LONDON) LIMITED Transfer Agent — London, England

CANADIAN IMPERIAL BANK OF COMMERCE Registrar — London, England

PREFERRED SHARES:

NATIONAL TRUST COMPANY, LIMITED Montreal, Toronto and Vancouver

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE Toronto

HAMBROS BANK LIMITED London, England

SOLICITORS

FOSTER, WATT, LEGGAT & COLBY Montreal

AUDITORS

CLARKSON, GORDON & CO. Toronto

CUSTODIAN

CANADIAN IMPERIAL BANK OF COMMERCE Toronto

OFFICES OF THE COMPANY

HEAD OFFICE: SUITE 3301-1155 DORCHESTER BLVD. WEST, MONTREAL

EXECUTIVE OFFICE: 25 KING STREET WEST, TORONTO

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

SUMMARY OF RESULTS FOR THE YEAR ENDED APRIL 30, 1966

(With comparative figures for the year ended April 30, 1965)

	1966	1965
Total net assets:		
Book value - - - - -	\$16,137,441	\$11,206,299
Market value - - - - -	\$20,113,174	\$15,802,477
Per common share (1966 - 979,550 shares; 1965 - 783,640 shares) -	\$17.98*	\$20.17
Dividend income - - - - -	\$ 540,647	\$ 482,657
Interest income - - - - -	\$ 32,042	\$ 8,720
Net earnings (after taxes) - - - - -	\$ 464,689	\$ 385,638
Per common share (1966 - 979,550 shares; 1965 - 783,640 shares)		
Earned - - - - -	\$0.445*	\$0.49
Paid - - - - -	\$0.40	\$0.40
Net gain realized on portfolio changes - - - - -	\$ 367,080	\$ 384,498

*After giving effect to the interest of holders of the 5½% cumulative redeemable preferred shares.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

PORTFOLIO ANALYSIS AS AT APRIL 30, 1966

	<u>Number of Holdings</u>	<u>Approximate Market Value</u>	<u>% of Total Portfolio</u>
DEBENTURE STOCK - - - - -	2	\$ 49,900	.3%
PREFERRED SHARES - - - - -	4	264,400	1.3
		<u>\$ 314,300</u>	<u>1.6%</u>
COMMON SHARES			
1. Financial Institutions			
(a) Banks - - - - -	5	\$ 963,300	4.8%
(b) Hire Purchase Finance - - - - -	2	102,400	.5
(c) Other - - - - -	2	14,400	.1
Total - - - - -		<u>\$ 1,080,100</u>	<u>5.4%</u>
2. Consumer Goods and Services			
(a) Breweries and Distilleries - - - - -	3	\$ 701,100	3.5%
(b) Food Processing and Packaging - - - - -	3	483,500	2.4
(c) Newspapers, Printing and Advertising - - - - -	3	663,900	3.3
(d) Public Utilities - - - - -	4	1,394,100	6.9
(e) Retail Stores - - - - -	1	286,300	1.4
Total - - - - -		<u>3,528,900</u>	<u>17.5</u>
3. Manufacturing Industries			
(a) Construction and Supplies - - - - -	2	\$ 4,700	.1%
(b) Engineering - - - - -	1	63,000	.3
(c) Iron and Steel - - - - -	2	615,000	3.0
(d) Miscellaneous - - - - -	3	517,000	2.6
Total - - - - -		<u>1,199,700</u>	<u>6.0</u>
4. Natural Resources			
(a) Mines and Metals - - - - -	11	\$9,439,600	46.9%
(b) Oil, Gas and Pipelines - - - - -	5	882,400	4.4
(c) Pulp and Paper - - - - -	6	1,912,600	9.5
Total - - - - -		<u>12,234,600</u>	<u>60.8</u>
TOTAL COMMON STOCKS - - - - -		<u>\$18,043,300</u>	<u>89.7%</u>
TOTAL INVESTMENTS - - - - -		<u>\$18,357,600</u>	<u>91.3%</u>
NET CURRENT ASSETS - - - - -		<u>1,755,574</u>	<u>8.7</u>
TOTAL NET ASSETS - - - - -		<u><u>\$20,113,174</u></u>	<u><u>100.0%</u></u>

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

TO THE SHAREHOLDERS:

The accompanying financial statements show the results of your Company for the year which ended on April 30, 1966.

Additional funds were provided during the year by the sale of common shares by way of rights to existing shareholders on the basis of one new share at \$11 per share for each four held and by the sale of 100,000 5½% Series "A" cumulative redeemable preferred shares of \$25 par value at par. At the year-end the market value of the total net assets of your Company amounted to \$20,113,174 compared with their book value of \$16,137,441. On a per share basis, allowing for the issue of additional common and preferred shares, the total net assets at April 30, 1966, were equal to \$17.98 per common share.

Notwithstanding that your Company had the benefit of the additional funds raised for only part of the year total net earnings increased to \$464,689 after taxes. This is equivalent to 44.5¢ per share (after the initial dividend on the preferred shares) on the 979,550 shares outstanding at the year-end and compares with earnings of 49¢ per share a year earlier on the 783,640 shares then outstanding. Total dividends paid during the year to common shareholders amounted to \$367,332 compared with \$313,456 in the previous year. On a per share basis payments amounted to 40¢ per share, of which the final of 27½¢ per share was paid on the increased capital.

The investment policy of your Directors continues to place emphasis on the natural resources, especially mines and metals. As you will see from the accompanying analysis of the portfolio holdings in companies engaged in mining now represent 46.9% of the total portfolio by market values. However, reflecting the uncertain state of the stock market, the Directors considered it prudent to maintain a larger liquidity reserve than usual in the latter part of the year and net current assets amounted to 8.7% of the total net assets at the year-end.

During the year a wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd., was formed. Its purpose is to be able to take advantage of opportunities to make short-term investments as they may occur from time to time.

S. M. WEDD,
Chairman of the Board.

June 14, 1966
Toronto, Ontario.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

AUDITORS' REPORT

To the Shareholders of

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA:

We have examined the consolidated balance sheet of Anglo-Scandinavian Investment Corporation of Canada and its wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd. as at April 30, 1966 and the statements of consolidated earnings, contributed surplus and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated earnings, contributed surplus and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at April 30, 1966 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 17, 1966.
Toronto, Canada,

CLARKSON, GORDON & CO.,
Chartered Accountants.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

(Incorporated under the laws of Quebec)

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1966

(With comparative figures as at April 30, 1965)

1965		ASSETS		1966	
		Current:			
\$	3,456	Cash - - - - -		\$	77,611
		Short-term notes, at cost - - - - -			1,692,668
		Trading securities, at average cost (approximate market value \$42,000) (schedule A) - -			45,282
	52,027	Accrued interest and dividends receivable - - - - -			25,494
\$	<u>55,483</u>	TOTAL CURRENT ASSETS - - - - -		\$	<u>1,841,055</u>
		Investments at average cost: (approximate market value 1966, \$18,357,600; 1965, \$15,843,800) (schedule B)			
\$	15,900	Debenture stock - - - - -		\$	56,200
	87,500	Preferred shares - - - - -			293,772
	<u>11,144,222</u>	Common shares - - - - -			<u>14,028,613</u>
\$	<u>11,247,622</u>	TOTAL INVESTMENTS - - - - -		\$	<u>14,378,585</u>
\$	<u>11,303,105</u>			\$	<u>16,219,640</u>
LIABILITIES					
		Current:			
\$	8,864	Accounts payable and accrued charges - - - - -		\$	13,039
	87,942	Payable upon receipt of securities purchased - - - - -			37,433
		Dividend payable on preferred shares - - - - -			28,630
		Income taxes payable - - - - -			3,097
\$	<u>96,806</u>	TOTAL CURRENT LIABILITIES - - - - -		\$	<u>82,199</u>
		Shareholders' equity:			
		Capital (note 2)—			
		Authorized: 200,000 redeemable preferred shares of \$25 par value each, issuable in series			
		2,000,000 common shares of \$5 par value each			
		Issued: 100,000 5½% cumulative preferred shares Series A, redeemable at premium of 5½% - - - - -			2,500,000
	3,918,200	979,550 common shares (1965—783,640 shares) - -			4,897,750
	2,161,077	Contributed surplus - - - - -			3,176,862
	5,127,022	Earned surplus - - - - -			5,562,829
	<u>11,206,299</u>	TOTAL SHAREHOLDERS' EQUITY - - - - -			<u>16,137,441</u>
\$	<u>11,303,105</u>			\$	<u>16,219,640</u>

On behalf of the Board:

S. M. WEDD, *Director*

E. D. FRASER, *Director*

See accompanying notes to the financial statements

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

STATEMENT OF CONSOLIDATED EARNINGS FOR THE YEAR ENDED APRIL 30, 1966

(With comparative figures for 1965)

1965	INCOME	1966
\$ 482,657	Dividends (note 3) - - - - -	\$ 540,647
8,720	Interest - - - - -	32,042
	Profit on security trading - - - - -	974
<u>\$ 491,377</u>		<u>\$ 573,663</u>
	EXPENSE	
\$ 59,548	Management fees - - - - -	\$ 70,503
19,952	Interest - - - - -	4,627
12,000	Directors' fees - - - - -	12,000
2,325	Audit and legal - - - - -	1,550
5,000	Executive remuneration - - - - -	7,050
5,114	General - - - - -	7,494
<u>\$ 103,939</u>		<u>\$ 103,224</u>
\$ 387,438	Earnings before income taxes - - - - -	\$ 470,439
1,800	Income taxes - - - - -	5,750
<u>\$ 385,638</u>	Net earnings for the year - - - - -	<u>\$ 464,689</u>

STATEMENT OF CONSOLIDATED CONTRIBUTED SURPLUS FOR THE YEAR ENDED

APRIL 30, 1966

(With comparative figures for 1965)

1965	1966
\$ 1,024,687	\$ 2,161,077
	Balance, beginning of year - - - - -
	Add:
1,175,460	Premium received on common shares issued during year - -
<u>\$ 2,200,147</u>	<u>\$ 3,336,537</u>
	Deduct:
39,070	Share issue expenses - - - - -
<u>\$ 2,161,077</u>	<u>\$ 3,176,862</u>
	Balance, end of year - - - - -

STATEMENT OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED APRIL 30, 1966

(With comparative figures for 1965)

1965	1966
\$ 4,670,342	\$ 5,127,022
	Balance, beginning of year - - - - -
	Add:
385,638	Net earnings for the year - - - - -
384,498	Net gain realized on investment portfolio changes during the year
<u>\$ 5,440,478</u>	<u>\$ 5,958,791</u>
	Deduct: Dividends declared —
	Preferred shares (28.63 cents per share) - - - - -
\$ 313,456	Common shares (40 cents per share) - - - - -
<u>\$ 313,456</u>	<u>\$ 395,962</u>
<u>\$ 5,127,022</u>	<u>\$ 5,562,829</u>
	Balance, end of year - - - - -

See accompanying notes to the financial statements

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1966

1. WHOLLY-OWNED SUBSIDIARY COMPANY

During the year the company invested \$25,000 in common shares of Anglo-Scandinavian Securities Ltd., a newly-incorporated, wholly-owned subsidiary. The accounts of the subsidiary for the period from the date of its incorporation to April 30, 1966 are included in the accompanying consolidated financial statements for the year ended on that date.

2. SHARE CAPITAL

In October 1965, the company issued rights entitling shareholders to purchase one share of the capital stock of the company at \$11 per share for every four shares held. All of the rights were exercised and 195,910 shares were issued for a total cash consideration of \$2,155,010. The excess (\$1,175,460) of the total consideration over the par value of the shares issued was added to contributed surplus and share issue expenses deducted therefrom.

In February, 1966, the company obtained supplementary letters patent confirming the following changes in the authorized share capital:

- (1) increasing the authorized capital by the creation of 200,000 preferred shares of \$25 par value each, issuable in series; and
- (2) designating 100,000 of the said preferred shares as 5½% cumulative redeemable preferred shares Series A.

In February, 1966 100,000 5½% cumulative redeemable preferred shares Series A of \$25 par value each were sold at par. Share issue expenses of \$125,087 in connection with the issue were charged to contributed surplus.

3. DIVIDEND INCOME

The company's policy is to record dividends as income as of the date that the related shares become quoted on an ex-dividend basis. One of the company's security holdings which in the past has been quoted ex-dividend on April 30 was not so quoted until May in 1966. Accordingly, the related quarterly dividend of \$36,000 is excluded from income in the accompanying statement of consolidated earnings for the year ended April 30, 1966.

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

(HELD BY ANGLO-SCANDINAVIAN SECURITIES LTD.)

[illegible]

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

SCHEDULE B

INVESTMENT PORTFOLIO AS AT APRIL 30, 1966

(HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<u>Principal Amount</u>		<u>Approximate Market Value</u>
DEBENTURE STOCK		
	The White Pass and Yukon Corporation Limited —	
\$53,250	5% debenture stock 1966-76 - - - - -	\$ 36,300
20,000	4½% first debenture stock 1966-76 - - - - -	13,600
		<u>\$ 49,900</u>
<u>Number of Shares</u>		
PREFERRED SHARES		
308	Candiac Development Corporation — 5%, \$100 par value - - - - -	\$ 30,800*
3,000	International Utilities Corporation — \$1.32 U.S. - - - - -	97,900
4,750	MacMillan, Bloedel Limited — 3%, \$1 par value - - - - -	4,800*
£77,000	Canadian Pacific Railway Company — 4% stock - - - - -	130,900
		<u>\$ 264,400</u>
COMMON SHARES		
	Financial Institutions —	
2,000	Bank of Montreal - - - - -	\$ 120,200
2,222	The Bank of Nova Scotia - - - - -	154,400
200	Betrust Investment Corporation Ltd. - - - - -	4,700
5,000	Canadian Imperial Bank of Commerce - - - - -	326,300
6,000	Canadian General Securities Limited — Class "A" - - - - -	72,000
2,000	Redhill Investment Corporation Ltd. - - - - -	9,700
3,000	The Royal Bank of Canada - - - - -	223,500
2,250	The Toronto-Dominion Bank - - - - -	138,900
2,700	Traders Finance Corporation Limited — Class "A" - - - - -	30,400
		<u>\$ 1,080,100</u>

Forward —

*Unquoted securities — shown at cost.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

INVESTMENT PORTFOLIO AS AT APRIL 30, 1966

(HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<u>Number of Shares</u>		<u>Approximate Market Value</u>
COMMON SHARES (Cont'd)		
Consumer Goods and Services —		
10,925	The Bell Telephone Company of Canada - - - - -	\$ 598,100
5,000	British Columbia Telephone Company - - - - -	357,500
8,000	Calgary Power Ltd. - - - - -	218,000
4,000	Canada and Dominion Sugar Company Limited - - - - -	95,000
3,500	Canada Packers Limited — Class "A" - - - - -	287,000
5,000	Canadian Breweries Limited - - - - -	35,600
16,000	Distillers Corporation — Seagrams Limited - - - - -	568,000
7,000	International Utilities Corporation - - - - -	220,500
3,000	Molsons Breweries Limited — Class "A" - - - - -	97,500
3,500	Moore Corporation Limited - - - - -	298,400
12,000	Neon Products of Canada Limited - - - - -	96,000
7,000	The Ogilvie Flour Mills Company, Limited - - - - -	101,500
10,000	Simpsons, Limited - - - - -	286,300
7,000	Southam Press Limited - - - - -	269,500
		<u>\$ 3,528,900</u>
Manufacturing Industries —		
5,000	Canada Steamship Lines, Limited - - - - -	\$ 183,700
4,000	Canadian Pacific Railway Company - - - - -	233,500
3,500	Canadian Vickers, Limited - - - - -	63,000
546	Candiac Development Corporation - - - - -	4,100*
546	Candiac Nurseries Ltd. - - - - -	600*
12,000	Dominion Foundries & Steel Limited - - - - -	303,000
13,000	Steel Company of Canada, Limited - - - - -	312,000
9,500	The White Pass and Yukon Corporation Limited - - - - -	99,800
		<u>\$ 1,199,700</u>

*Unquoted securities — shown at cost.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

INVESTMENT PORTFOLIO AS AT APRIL 30, 1966

(HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<u>Number of Shares</u>		<u>Approximate Market Value</u>
COMMON SHARES (Cont'd)		
Natural Resources —		
2,000	The Alberta Gas Trunk Line Company Limited — Class "A" - - -	\$ 67,000
9,250	Alcan Aluminium Limited - - - - -	405,800
7,500	Asbestos Corporation Limited - - - - -	165,900
10,450	British Columbia Forest Products Limited - - - - -	205,100
9,500	Canadian Industrial Gas and Oil Ltd. - - - - -	137,800
19,800	Cassiar Asbestos Corporation Limited - - - - -	301,900
15,000	Cominco Limited - - - - -	641,300
10,000	Domtar Ltd. - - - - -	188,700
18,000	Falconbridge Nickel Mines Limited - - - - -	1,795,500
3,000	Fraser Companies, Limited - - - - -	88,500
11,000	The Great Lakes Paper Company Limited - - - - -	298,400
10,000	Home Oil Company Limited — Class "A" - - - - -	181,200
6,600	Hudson Bay Mining & Smelting Co., Limited - - - - -	556,100
6,100	Imperial Oil Limited - - - - -	332,400
2,000	Interprovincial Pipe Line Company - - - - -	164,000
3,000	Kerr-Addison Gold Mines, Limited - - - - -	37,500
19,000	MacMillan, Bloedel Limited - - - - -	517,800
51,510	McIntyre Porcupine Mines Limited - - - - -	4,687,400
3,000	Noranda Mines Limited - - - - -	159,000
10,000	The Patiño Mining Corporation - - - - -	115,000
22,300	Placer Development Ltd. - - - - -	574,200
35,217	Powell River-Alberni Sales Limited - - - - -	614,100*
		<u>\$12,234,600</u>
		<u>\$18,357,600</u>

*Unquoted securities — shown at cost.

